

# City of Hollister Redevelopment Agency

## Hollister Second Downpayment Assistance Program Guidelines

Serving the City of Hollister Redevelopment  
Agency Project Area  
September 2009

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# **CITY OF HOLLISTER REDEVELOPMENT AGENCY**

## **HOLLISTER SECOND DOWNPAYMENT ASSISTANCE PROGRAM GUIDELINES**

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### **PROGRAM SUMMARY**

The Redevelopment Agency of the City of Hollister, hereinafter referred to as the “Agency” has established the Hollister Second Downpayment Assistance Program described herein (the “Program”) is designed to provide assistance to eligible low and moderate income first-time homebuyers to purchase a home, also referred to herein as “housing units”, located within the Redevelopment Agency Project Area (the “Program eligible area”) as described in Section 3.1.A. The Agency is responsible for Redevelopment of the Project Area, including provision of affordable replacement housing to the extent required by California Health and Safety Code Section 33413(a), and assurance that the affordable housing production requirements of California Health and Safety Code Section 33413(b) are satisfied.

In October 20, 2008, the Agency Board of Directors adopted the original Guidelines for the Hollister Second Downpayment Assistance Program. In August 2009 the Agency staff developed these amended guidelines the (“Guidelines”) incorporating clarifying language and changes to more accurately reflect the application process goals and objectives of the Program and to better assist low and moderate income First-Time Homebuyers to purchase a home. These Amended Guidelines supersede the original Guidelines and govern all activities and processes under the Program.

The program provides this assistance in the form of a deferred payment “silent” second mortgage loan for a 45-year term at 2% interest rate compounded as simple interest annually, the loan is provided as “Gap” financing in connection with a primary loan from a lender and is secured by a second mortgage. To maximize the effectiveness of the program, the Borrower pays no principal or interest during the 45-year deferral period or as long as he/she owns the housing unit. Although there will be no monthly payments associated with the loan, interest will accrue on the loan until the expiration of the affordable restrictions in the 45<sup>th</sup> year, when the note and interest rate is forgiven. The entire principal and the interest of the loan is immediately due and payable in full if the property is sold, refinanced, transferred or upon default of the loan or at such time as the borrower no longer occupies the home as his/her principal place of residence. Affordability restrictions are recorded against the title of the property for a period of forty-five years (45) or until the second mortgage note is paid in full.

The Program loan may only be used toward payment of the purchase price and closing costs of an eligible home that will be occupied by the homebuyers as their primary residence. The Program is funded by the Redevelopment Agency of the City of Hollister, low and moderate-income fund and is administered by the Development Services Department.

The Program will be implemented in ways consistent with the Agency’s commitment to nondiscrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity funded in whole or in part with State funds on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, national origin, or ancestry, or other arbitrary cause

The Agency promotes fair housing and makes all programs available to low and moderate income families regardless of age, race, color, religion, sex, national origin, sexual preference, marital status or disability.

## **SECTION I: APPLICANT ELIGIBILITY**

### **1.1. PROGRAM OUTREACH AND MARKETING**

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The Agency will ensure that all persons, including those qualified individuals with handicaps, have access to the Program.

The Fair Housing Lender logo will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program's eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be provided to any local social service agencies. The Agency will provide homebuyer workshops to help educate homebuyers about the home-buying process and future responsibilities. Persons who have participated in local homebuyer seminars will be notified about the Program.

The Agency will work with local real estate agents and primary lenders to explain the Program requirements for eligible homes and homebuyers, and to review Program processes. Local real estate agents and primary lenders will also be encouraged to have their customers participate in the Program.

### **1.2. DEFINITIONS OF "FIRST-TIME HOMEBUYER"**

A first-time homebuyer means an individual or individuals or an individual and his / her spouse who have not owned a home during the last three-year period before the purchase of a home with Program assistance, except that the following individual or individuals may not be excluded from consideration as a first-time homebuyer under this definition:

1. A displaced homemaker who, while a homemaker, owned a home with his or her spouse or resided in a home owned by the spouse. A displaced homemaker is an adult who has not, within the preceding two years, worked on a full-time basis as a member of a labor force for a consecutive twelve-month period and who has been unemployed or underemployed, experienced difficulty in obtaining or upgrading employment and worked primarily without remuneration to care for his or her home and family.
2. A single parent, who while married, owned a home with his or her spouse or resided in a home owned by a spouse. A single parent is an individual who is unmarried or legally separated from a spouse and has one or more minor children for whom the individual has custody or joint custody, or is pregnant, and;
3. An individual or individuals who owns or owned, as a principal residence during the three-year period before the purchase of a home with Program assistance, a dwelling unit whose structure is:

- a. not permanently affixed to a permanent foundation in accordance with local or state regulations; or
- b. not in accordance with state, local, and model building codes and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure.

### 1.3. INCOME REQUIREMENTS

Eligible applicants must have a gross annual household income not exceeding the limits, adjusted for household size, as shown in the table below. Program Income Limits will be updated annually, based on the most current income limits published by the California Department of Housing and Community Development. Updated Income Limits will be deemed automatically incorporated in these Guidelines. (Please see Attachment 1, Income Calculations / Limits for details on income that must be included, and can be excluded, from income calculations.) The applicant will be required to provide income documentation.

**Maximum income limits are adjusted for family size as indicated on the charts below.**

Program Income Limits – 2009 Based on 80% of Area Median Income							
1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
\$44,800	\$51,200	\$57,600	\$64,000	\$69,100	\$74,250	\$79,350	\$84,500

Program Income Limits – 2009 Based on 120% of Area Median Income							
1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
\$67,550	\$77,200	\$86,850	\$96,500	\$104,200	\$111,950	\$119,650	\$127,400

**Note:** For Households with more than eight members, higher income limits apply.

### 1.4. APPLICATION PROCESS AND SELECTION

Each applicant is asked to complete a Program application and income determination forms, which ask for sufficient information concerning income, employment, and credit history to establish preliminary eligibility for program participation. Complete applications are date and time stamped, therefore, assistance is provided on a first-come-first-served basis. A letter of eligibility or ineligibility will be issued to the applicant.

***Applications are only deemed complete if all the requested information is provided, including a primary lender's approval letter. Incomplete applications are return to the applicants and will not be date/time stamped until completed.***

1. Once the applicant's eligibility is verified, they are invited to attend a briefing/intake regarding participation in the program. At the briefing the Program application, income determination and credit reports are reviewed.
2. Each applicant must attend an approved Homebuyer Counseling class provided by a qualified local HUD-certified housing counselor designated by the Agency. Applicants must complete the class and receive a certificate of completion in order to receive written Agency approval of their application for a Program loan.

3. The potential homebuyer is given 90 days in order to find a qualified home and begin securing a primary loan for the housing unit. If during the 90-day period, the potential homebuyer is unable to purchase a home, an extension may be given. However, if it appears the potential homebuyer cannot participate in the Program, the reservation of funds expires and the next person on the waiting list is given an opportunity to participate in the Program.
4. The homebuyer locates the Housing Unit he/she wishes to purchase. Agency verifies the home meets eligibility requirements pursuant to the guidelines.
5. Prospective homebuyer notifies Primary Lender when an offer to purchase has been accepted.
6. Lender submits a completed loan application package to the Agency for review.
7. The Agency will provide written notification of approval or denial of the Program loan application to the applicant. Staff prepares all necessary loan documents. Documents are signed and funds deposited into escrow with the required closing instructions.

#### **1.5. PROGRAM HOMEBUYER REQUIREMENTS**

Applicant(s) and/or their spouse(s) must be income eligible.

Applicant must need the assistance of program to obtain homeownership. Need will be determined as stated herein, and shall be based on Program procedures, requirements of the Lender, and the ability of the household to meet such requirements.

Preference will be given to Hollister residents and employees in the City of Hollister, or both.

#### **1.6. LOAN MONITORING PROCEDURES**

Borrower must occupy the residential property purchased with the Program loan as his/her principal residence. Lender must obtain from Borrower, a statement of intent to use the residence as his/her principal residence. Borrower must notify the Agency if the residence ceases to be his/her principal residence. In no case will the "renting out" of a home purchased with the assistance of a Program loan be allowed. If Borrower converts the property to a rental unit, or any commercial or non-residential use, the loan is immediately due and payable.

1. Borrower will be required to submit the following items to the Agency between January 1<sup>st</sup> and 15<sup>th</sup> of each year for the term of the loan:
  - b. Proof of occupancy in the form of a copy of current utility bill.
  - c. Statement of unit's continued use as the Borrower's principal residence.

Failure to comply with this requirement shall constitute a Default under the terms of the loan.

2. In the event that a Borrower sells or transfers title of the purchased property for any reason, the loan is immediately due and payable.

### **SECTION II: PROPERTY ELIGIBILITY**

#### **2.1. PROPERTY TYPE AND LOCATION**

Single-family dwelling units including townhomes, condominiums and manufactured homes located within the Hollister Redevelopment Agency Project Area are eligible.

## **2.2. PURCHASE CANNOT DISPLACE A PERMANENT TENANT**

A Housing Unit eligible for purchase under the Program must be vacant or owner-occupied at the time of sale, unless the Borrower is an existing tenant wishing to purchase his/her place of residence. A permanent tenant may purchase a home he/she is currently occupying provided the property meets the other eligibility requirements in this Section. The seller of a rental home must certify to such in writing before the close of escrow. **If a property is occupied by a permanent tenant at the time of sale, and the sale of the residential property would cause the displacement of that tenant, that property is not eligible for purchase with Program funds.** Tenant occupied homes are not generally eligible for Program funding. A rental unit that previously contained a permanent tenant must be vacant for at least one month prior to its purchase before it can be considered eligible.

## **2.3. ELIGIBLE HOUSING UNITS AND LOCAL AND STATE CODE STANDARDS**

Housing Units purchased with the assistance of the Program must comply with state and local building, health and safety code standards. If the property cannot be brought into compliance prior to the close of escrow, it shall not be purchased with Program funds.

### New construction:

A City certificate of completion/occupancy is required for new housing units prior to close escrow. Please contact the Hollister Redevelopment Agency for further information.

### Existing Housing Units:

The City of Hollister Building Official (or his designated agent) will inspect existing housing units.

## **2.4. LEAD-BASED PAINT CERTIFICATION**

In accordance with federal regulations and the Agency's policy regarding the identification and abatement of lead-based paint hazards in housing assisted with public funds, each residential property purchased through the Program that was constructed or manufactured before 1978 must be inspected for lead-based paint hazards. If lead-containing paint surfaces are found, the seller before close of escrow must properly remediate them.

## **2.5. HOUSING UNIT SIZE**

Housing Unit size shall be sufficient to meet the needs of the purchaser household without overcrowding. Generally, this means not more than two persons per bedroom or living room. Exceptions may be made to accommodate numerous immediate family members.

## **SECTION III: FINANCE REQUIREMENTS**

### **3.1. PRIMARY MORTGAGE REQUIREMENTS**

1. A Program loan can only be issued in conjunction with a new first mortgage loan. The primary lender (Lender) must supply a statement to the Agency, to the effect that the first mortgage is a new mortgage, and is not the assumption of an existing mortgage.
2. Primary loans shall be at a fixed interest rate, for a term not less than 30 years. "Buy-downs" and variable interest rate loans shall not be permitted.

3. Interest rates, points and Lender fees and costs shall be reasonable within the marketplace, as determined by the Agency.
4. Primary loans shall be repayable at any time with no prepayment penalty.
5. All households will be required to have impound accounts for the payment of property taxes, homeowner association dues, if any, and property insurance as required by the Program, to ensure these payments will be made on time.

### **3.2. LOAN APPROVAL**

1. Lender must approve all primary loans in connection with the Program. If the applicant fails to qualify for the primary loan, he/she is not eligible to be a participant in the Program.
2. Lender will forward required documents to the Agency for review
3. In order to obtain Program financing, applicants must meet all property and eligibility guidelines in effect at the time of loan approval.
4. All Program loan applications, when completed, will be submitted to the Agency's Loan Committee for review and approval or denial. Applicants will be provided written notification of approval or denial.
5. All Program loans shall be evidenced by a promissory note, loan agreement, and affordability covenant and shall be secured by a recorded deed of trust on the purchased property, with Lender request for notice of default, subordinate only to the deed of trust securing the loan of the primary.

### **3.3. UNDERWRITING STANDARDS**

Fully documented Primary loans approved for funding by FHA, the VA, or CalHFA, or a large institutional lender that underwrites to CalHFA, Fannie Mae, or FHA standards, will be acceptable to establish the applicant's ability to make payments and dependability of income. Loans approved without full income documentation of the mortgagor(s), often referred to as "no doc" or "stated income" loans, will not be accepted as evidence of the applicant's ability to make payments. In addition, the applicant must have a minimum credit score of 620, and may not have filed for bankruptcy or been foreclosed upon within three years prior to date of application to the Program.

In order to qualify for Program assistance, the applicant's "front-end ratio" shall not exceed 35%. The front-end ratio is the percentage of a borrower's gross monthly income (before income tax deductions) equal to the total of the following monthly housing costs: required first mortgage payment (principal and interest), property taxes, property insurance, mortgage insurance, and homeowner association dues and/or mobile home space rent, if any. Ratios will be calculated using the Agency's determination of applicant's monthly income, not the Lender's.

The applicant's "back-end ratio" shall not exceed 48%. The back-end ratio is the percentage of a borrower's gross monthly income that would cover the cost of monthly housing costs, plus any other mandatory monthly debt payments, such as monthly payments on: car loans, personal loans and credit cards, alimony or child support ordered by a court, and/or student loans.



### 3.4. PROGRAM LOAN AMOUNT

The following example illustrates how the Agency will calculate whether or not the applicant is in need of a Program loan, the amount of the Program loan, and the amount the applicant may borrow from the Primary Lender as a first mortgage. The Agency will use both front-end and back-end ratios in order to determine the principal amount of the Program loan for each applicant.

DEBT SERVICE FOR A FAMILY OF FOUR EARNING A GROSS MONTHLY INCOME OF \$5,000	
<b><u>MONTHLY HOUSING COSTS:</u></b> Principal & Interest Payment      \$1,049.21 Homeowner's Insurance              \$80.00 Taxes                                        \$260.42 Homeowner's Assoc. Dues            \$0.00 Mtg. Insurance                         \$86.04 <b>Total Housing Expense            \$1,475.67</b>  <b>Front-End Ratio = 30%</b> Total Housing Expense (\$1,475.67) ÷ Total Household Income (\$5,000.00)	<b><u>TOTAL MONTHLY DEBT:</u></b> \$1,475.67      Total Housing Expense + 550.00      Total Other Debts <b>\$2,025.67      Total Debt Service</b>  <b>Back-End Ratio = 41%</b> Total Debt Service (\$2,025.67) ÷ Total Household Income (\$5,000.00)
<b>Maximum Front-End Ratio = 35%</b>	<b>Maximum Back-End Ratio = 48%</b>
<b><u>OTHER MONTHLY DEBT:</u></b> Car Payment                            \$350.00 Credit Card Payment                \$150.00 Student Loan Payment               \$50.00 <b>Total Other Debts                  \$550.00</b>	
A \$1,475.67/mo. PITI loan payment equates to borrowing \$175,000 at 6.00% for a 30-year term.	
SUBSIDY CALCULATION FOR A FAMILY OF FOUR EARNING A GROSS MONTHLY INCOME OF \$5,000	
Purchase Price of Property	\$220,000.00
Less Primary Loan Amount	\$175,000.00
Less Borrower's Down Payment (3%)	\$ 6,600.00
Equals "GAP"	\$38,400.00
Plus estimated allowable settlement charges (3%)	\$ 6,600.00
Equals <b>Total Subsidy</b>	<b>\$45,000.00</b>

The maximum amount of the Program loan is up to \$50,000 per homebuyer. Lenders should use the following guidelines when structuring the amounts of the first mortgage loan, down payment and Program loan:

1. The Borrower will be required to contribute a minimum of three percent (3%) of the sales price into an escrow account as his portion of the downpayment. In the case of

financial hardship, the required buyer down payment may be reduced to not less than one percent (1.0%).

- a. Except for the requirement stated above, the Borrower may exempt savings equal to 20% of annual gross income from the purchase transaction. The balance of the Borrower funds available shall be used in the following order:
  - b. To the extent possible, after satisfying 1. And 1a., above, the Borrower's funds shall be used for the loan origination fee; discount points; appraisal fee; credit report(s); customary buyer closing costs; the buyer's customary portion of escrow fees; title insurance; and, the establishment of impound accounts for property taxes and insurance.
  - c. After 1a. And 1b, above are satisfied, any balance of the Borrower's funds shall be applied to the down payment.
  - d. If the items in 1b, above cannot be satisfied with the Borrower's funds, the Agency may provide a grant up to one percent of the purchase price to cover the remaining balance of the 1b, items.
  - e. The loan-to-value ratio, when combined with all other indebtedness to be secured by the property, shall not exceed 97% percent of the sales price plus a maximum of up to 5 percent of the sales price to cover actual closing costs.
2. Primary loans underwritten by CalHFA or FHA, USDA Rural Development, Fannie Mae, and Freddie Mac, will be acceptable. Exceptions may be granted by the Hollister Redevelopment Agency for self-help housing, housing special needs applicants, and in other limited circumstances allowed by Federal, State, or local regulations.

### **3.5. LOAN TERMS**

The Program loan is a two percent (2%) simple interest 45-year deferred loan, meaning that the Borrower pays no principal or interest during the 45-year deferral period. The loan is provided in connection with a primary loan from a lender and is secured by a second mortgage. The entire principal and the interest of the Program loan is immediately due and payable in full if the property is sold, refinanced, transferred or upon default of the loan or at such time as the borrower no longer occupies the home as his/her principal place of residence. Although there will be no monthly payments associated with the loan, interest will accrue on the loan until the expiration of the affordable restrictions in the 45<sup>th</sup> year, when the note and interest rate is forgiven.

1. The Program loan shall be due and payable in full immediately upon the earlier occurrence of any of the following events:
  - a. Upon the sale or transfer of the property. For purposes of this section, a sale or transfer shall be defined as any sale, assignment, or transfer, voluntary or involuntary of any interest in the property, including but not limited to: a fee simple interest, a joint tenancy interest, a life estate, a leasehold interest, creation of a trust or an interest evidenced by a land contract by which possession of the property is transferred and Borrower retains title, except transfer by gifts, devise, or inheritance to an existing spouse surviving joint tenant, or a spouse as part of a dissolution proceeding, or in connection with marriage, or by devise or inheritance to children, or in connection with creation of a revocable family trust, provided that such transferee agrees to assume the obligations of transferor.

- b. If a Borrower converts the property to a rental unit, or any commercial or other non-residential use.
- c. Upon default under the note, loan agreement and/or deed of trust, or the affordability covenant.
- d. Upon the Borrower's refinance of the lien of the first mortgage loan superior to that of the deed of trust securing the Program loan for purposes other than reducing the interest rate and/or the Borrower's payments on the first mortgage loan. (See paragraph F below).

### **3.6. RESALE RESTRICTION AGREEMENT AND OPTION TO PURCHASE**

In order to preserve affordable housing in the City of Hollister all homeownership Program housing units will have a 45-year Resale Restriction Agreement and Option to Purchase recorded against the housing unit. The 45-year Resale Restriction Agreement and Option to Purchase will require that Program homeownership housing units be resold as affordable housing units to very low, low and/or moderate-income households. The intent of this requirement is to ensure that Program housing units remain affordable over a long period of time.

### **3.7. MAXIMUM RESALE PRICE**

To ensure continued affordability the resale pricing as stated in the Resale Restriction Agreement and Option to Purchase will be tied to the Area Median Income (AMI). The AMI specifies that the resale price shall be no more than the initial (affordable) purchase price plus an adjustment based on the annual change in the AMI published by State of California Department of Housing & Community Development (HCD). Each year, as the AMI rises, the maximum resale prices rise at exactly the same rate. Because increases in the permissible sales price of the home are tied to increases in income rather than increases in the prices of market-rate homes, a new buyer with the same income profile should be able to purchase the home for this price without any need for additional public subsidy. If the resale price is limited so that it does not rise any faster than incomes, the same house can remain affordable to one working family after another without any new subsidy.

### **3.8. LOAN ACCELERATION**

If the Borrower fails to comply with the requirements of the note, the loan agreement, the deed of trust, the affordability covenant or these Guidelines, the Program loan shall, at the option of the Agency, become immediately due and payable.

### **3.9. VOLUNTARY PAYMENTS**

Borrowers may begin making voluntary payments at any time.

### **3.10. RECEIVING LOAN PAYMENTS**

- A. Program loan payments will be made to:

**City of Hollister  
Attn: Hollister Redevelopment Agency  
375 Fifth Street**

## **Hollister, California 95023**

B. The Agency will receive all loan payments and will maintain a financial record-keeping system to record payments and file statements on payment status. Payments shall be deposited in the Agency's appropriate account. The Agency will accept voluntary partial (early) loan payments from borrowers, and payments in full upon sale or transfer of the property from borrowers and/or their heirs or other successors in interest. All loan payments are payable to "City of Hollister, Redevelopment Agency". The Agency may, at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program. Currently the Agency provides all loan servicing of Program loans in-house

### **3.11. REFINANCE AND SUBORDINATION**

1. The Agency may approve a request to subordinate a Program loan in order for the owner to refinance the property under the following conditions:
  - a. The lien position of the Agency's loan will remain the same or be advanced.
  - b. The new primary loan provides for refinance of the existing balance only (no debt consolidation or cash out).
  - c. The purpose of the new primary loan is to reduce the interest rate being paid and/or reduce the Borrower's payment.
2. A request to subordinate, which does not meet the three criteria above, will not be considered.

### **3.12. EXCEPTIONS AND SPECIAL CIRCUMSTANCES**

The Agency may make amendments to these Participation Guidelines from time to time. Any changes shall be made in accordance with regulations and approved by the Agency's governing body, except for purely administrative changes, including annual updates to income, price, and subsidy limits.

### **3.13. DISPUTE RESOLUTION AND APPEALS PROCEDURE**

Any applicant denied assistance from the Program has the right to appeal. Complaints concerning the Program should be made to the Agency first. If unresolved in this manner, the complaint or appeal must be made in writing and filed with the Development Services Director. A written response will be made within thirty (30) working days. If the applicant is not satisfied with the Development Services Director's decision, a request for an appeal may be filed with the Agency's governing body.

### **3.14. DUE UPON SALE OR TRANSFER**

In the event that an owner sells, transfers title (including certain refinances), or discontinues residence in the purchased property for any reason, the principal balance of the Program loan shall become immediately due and payable, except:

- A. If the owner of the property dies, and the heir to the property currently occupies the property as a principal residence, meets the income eligibility requirements and the First-Time Homebuyer definition, and intends to continue to occupy the home as a principal residence, the heir may be permitted, upon approval of the Agency, to assume the loan for the duration of the original term and all other terms of the

original Program. If a Primary loan is still outstanding against the property, the heir must also either assume or pay off the Primary loan prior to assumption of the Program loan. If the property owner dies and the heir does not meet the eligibility requirements, the loan will be due and payable upon settlement of the estate, or upon any transfer of the property, whichever occurs first.

- B. If the owner of the property dies, and the heir to the property meets income requirements, the First-Time Homebuyer definition, and intends to occupy the home as a principal residence, the heir may be permitted, upon approval of the Agency, to assume the loan at the rate and terms the heir qualifies for under the current participation guidelines. If the property owner dies and the heir does not meet eligibility requirements, the loan is due and payable.
- C. If an owner wants to convert the property to a rental unit, or any commercial or non-residential use, the loan is due and payable.
- D. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes.

### **3.15. DEFAULT AND FORECLOSURE**

If a Borrower defaults on a loan, and foreclosure procedures are instituted, they shall be carried out according to the Foreclosure Policy adopted by the Agency (see Attachment B).

## **SECTION IV: OTHER PROGRAM REQUIREMENTS**

### **4.1. HOMEBUYER EDUCATION**

Buying a home can be one of the most confusing and complicated financial transactions of the prospective buyer's life. Homebuyer education classes from a HUD-certified housing counselor can help prospective buyers avoid costly mistakes, and can increase the long-term viability of the Program-assisted home purchases. Studies have shown that first-time homebuyers who attended HUD-certified homebuyer education classes have a greater ability to handle problems that often occur with homeownership. All Program applicants must attend an Agency-approved homebuyer education class prior to receiving a Program loan. The homebuyer education class will cover the following topics, at a minimum: preparing for homeownership; available financing; credit analysis; loan closing; homeownership responsibilities; home maintenance; the impact of refinancing, and loan servicing. The Agency may offer homebuyer education in one or more of the following formats: individual counseling of applicant by a HUD certified housing counselor; individual or small group classes; and larger introductory workshops and informational sessions. Tools of instruction may include flyers, brochures, slide shows, audio/visual presentations, and/or worksheets.

### **4.2. INSURANCE REQUIREMENTS**

#### Fire Insurance

The Borrower shall maintain fire insurance on the property for the duration of the Program loan. This insurance must be an amount adequate to cover all encumbrances on the property. The insurer must identify the Agency as Loss Payee for the amount of the Program loan. An insurance binder for fire insurance shall be provided to the Agency as a condition of the Program loan funding.

### Flood Insurance

In areas designated by the Federal Emergency Management Agency (FEMA) as flood prone, the Borrower is required to maintain flood insurance in an amount adequate to secure the Program loan. This policy must also designate the Agency as Loss Payee. An insurance binder for flood insurance shall be provided to the Agency as a condition of the Program loan funding.

### Conditions

The Borrower is required to submit proof annually that the property is insured in the manner described above. In the event the Borrower fails to make the insurance premium payments in a timely fashion, the Agency, at its option, may make such payments for a period not to exceed 60 days. The Agency may, in its discretion and upon the showing of special circumstances, make such premium payments for a longer period of time. Should the Agency make any payments, it may, in its sole discretion, add such payments to the principal amount that the Borrower is obligated to repay the Agency under the Program.

## ATTACHMENT A

### INCOME CALCULATIONS AND LIMITS

#### Income Calculations / Limits

##### **A. Income Calculation:**

For underwriting purposes, gross income of the mortgagor(s) (as defined by Revenue Ruling 86-124 promulgated by the Internal Revenue Service) is the mortgagor's annualized gross income. Annualized gross income is gross monthly income multiplied by twelve (12). Gross monthly income is the sum of monthly gross pay, any additional income from overtime, part-time employment, bonuses, dividends, interest, royalties, pensions, Veterans Administration (VA) compensation, net rental income, etc., and other income (such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, and income received from business activities). In addition, the income of other persons expected to both (1) live in the residence being financed and (2) to be secondarily liable on the mortgage is also taken into account. If a co-borrower, co-signer, or co-habitator meets both requirements in the sentence above, his/her income is included in gross income calculations. Income includes the income of both spouses.

Gross income is calculated prospectively, by verifying the applicant's current gross monthly income (at time of application) and multiplying this income by 12. Gross income includes the gross amount, before payroll deductions, of wages, salaries, commissions, fees, tips, and bonuses, dividends and interest, including otherwise tax-exempt interest, alimony, public assistance, etc. In addition, the gross income includes the income of all members of the household (other than minors) who will both be living in the dwelling unit and be secondarily liable for the payment of the mortgage. If the co-habitator who is not a co-mortgagor meets both of the requirements in the sentence above, his/her income must be included in gross income calculations for the purpose of income eligibility in the Program, but will not be considered for underwriting purposes.

##### **1. Self-Employed or Seasonal Employees:**

Self-Employed applicants will be required to provide two (2) previous years of federal tax returns including the W-2's and 1099's as well as a Profit and Loss statement by an accountant or bookkeeper (third party verification). This must be on letterhead, signed by the accountant or bookkeeper. The Agency reserves the right to request an audited Profit and Loss statement by a Certified Accountant/Bookkeeper. Seasonal Employees will be required to provide two (2) previous years of federal tax returns. When a Program application is submitted during the period between January 1 and April 15 and the applicant has not yet filed his/her federal income tax return for the preceding year with the IRS, the applicant will be required to provide W-2's and 1099's for the year in question.

##### **2. Income of Co-Borrower / Co-Mortgagor:**

For underwriting purposes, gross income of the mortgagor(s) (as defined by Revenue Ruling 86-124 promulgated by the Internal Revenue Service) is the mortgagor's annualized gross income. If co-mortgagor will be on both the title and a co-borrower for the primary mortgage, his or her income must be included in determining eligibility for the Program. The IRS regulation states that "income to be taken into account in determining 'gross income' is income of the mortgagor (or mortgagors) and any other person who is expected to both live in the residence being financed and to be secondarily liable for the mortgage."

Therefore, if someone is considered a mortgagor (on both the title and Security Agreement) their income should be included. Secondly, the regulation specifies that the income of any other person who is expected to both live in the residence being

financed and to be secondarily liable for the mortgage should also be included in the gross income calculation for Program loan.

## **B. Income Limits**

**Maximum income limits are adjusted for family size as indicated on the charts below.**

<b>Program Income Limits – 2009</b> <b>Based on 80% of Area Median Income</b>							
1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
\$44,800	\$51,200	\$57,600	\$64,000	\$69,100	\$74,250	\$79,350	\$84,500

<b>Program Income Limits – 2009</b> <b>Based on 120% of Area Median Income</b>							
1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
\$67,550	\$77,200	\$86,850	\$96,500	\$104,200	\$111,950	\$119,650	\$127,400

**Note: For Households with more than eight members, higher income limits apply.**



## **ATTACHMENT B**

### **FORECLOSURE POLICY**

#### City of Hollister Redevelopment Agency as Junior Lienholder

It is the Agency's policy to prepare and record a "Request for Notice" on all junior liens (any lien after the first position) placed on properties financed by a loan or loans through publicly funded program(s).

This document requires any senior lienholder to notify the Agency of initiation (recordation of a "Notice of Default") of a foreclosure only. This is to alert the junior lienholder that it is to monitor the foreclosure with the senior lienholder. When the Agency is in a third position and receives notification of foreclosure from only one senior lienholder, the Agency will contact both senior lienholders regarding the status of their loans.

The junior lienholder may cancel the foreclosure proceedings by "reinstating" the senior lienholder. The reinstatement amount must be obtained by contacting the senior lienholder. This amount will include all delinquent payments, late charges, advances (fire insurance premiums, property taxes, property protections costs, etc.), and foreclosure costs (fees for legal counsel, recordings, certified mail etc.)

Once the Agency has the information on the reinstatement amount, staff must then determine if it is cost effective to protect the Agency's position by reinstating the senior lienholder, keeping them current by submitting a monthly payment thereafter, foreclosing on the property possibly resulting in owning the property at the end of foreclosure, protecting the property against vandalism, and paying marketing costs (readying the home for marketing, paying for yard maintenance, paying a real estate broker a sales commission).

If the Agency decides to reinstate, the senior lienholder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Agency fails to reinstate the senior lienholder before five (5) days prior to the foreclosure sale date, the senior lienholder could then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Agency determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lienholder to complete foreclosure, the Agency's lien may be eliminated due to insufficient sales proceeds.

#### Agency as Senior Lienholder

When the Agency is in a first position, or the senior lienholder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Agency may consider foreclosure. Agency staff will consider the following factors before initiating foreclosure:

- Can the loan be cured (brought current or paid off) by the owner without foreclosure?
- Can the owner refinance with a commercial lender and pay off the Agency?
- Can the owner sell the property and pay off the Agency?
- Does the balance warrant foreclosure? (If the balance is under \$5,000, the expense to foreclose may not be worth pursuing.)

- Will the sales price of home “as is” cover the principal balance owing, necessary advances (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the Agency may opt to initiate foreclosure. The owner must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the Agency to prevent foreclosure (such as funds to bring a delinquent amortized loan current or pay off the deferred loan).

At the end of thirty days, the Agency should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lienholders. The service will advise the Agency of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the Agency informed of the progress of the foreclosure proceedings.

When the process is completed, and if the Agency has acquired title to the property at the foreclosure sale, the Agency may then contact a real estate broker to market the home.

## ATTACHMENT C

### SELLERS LEAD-BASED PAINT DISCLOSURE

#### **Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards Lead Warning Statement**

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

#### **Seller's Disclosure**

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) \_\_\_\_ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain). \_\_\_\_\_

(ii) \_\_\_\_ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (check (i) or (ii) below):

(i) \_\_\_\_ Seller has provided the purchaser with all available records and reports pertaining to Lead-based paint and/or lead-based paint hazards in the housing (list documents below). \_\_\_\_\_

(ii) \_\_\_\_ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

#### **Purchaser's Acknowledgment (initial)**

(c) \_\_\_\_ Purchaser has received copies of all information listed above.

(d) \_\_\_\_ Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.

(e) \_\_\_\_ Purchaser has (check (i) or (ii) below):

(i) \_\_\_\_ Received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

(ii) \_\_\_\_ Waived the opportunity to conduct a risk assessment or inspection for the presence of Lead-based paint and/or lead-based paint hazards.

#### **Agent's Acknowledgment (initial)**

(f) \_\_\_\_ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

#### **Certification of Accuracy**

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____ Seller	_____ Date	_____ Seller	_____ Date
_____ Purchaser	_____ Date	_____ Purchaser	_____ Date
_____ Agent	_____ Date	_____ Agent	_____ Date

## **ATTACHMENT D**

### **Homebuyer Assistance Program Lead-Based Paint Contract Contingency Language**

#### **Required for Homes built prior to 1979**

This contract is contingent upon a risk assessment or inspection of the property for the presence of lead-based paint and/or lead-based paint hazards at the Purchaser's expense until 9 p.m. on the tenth calendar-day after ratification. This ending date is: \_\_\_\_\_. [Insert date 10 days after contract ratification or a date mutually agreed upon]. (Intact lead-based paint that is in good condition is not necessarily a hazard. See the EPA pamphlet "Protect Your Family From Lead in Your Home" for more information.)

This contingency will terminate at the above predetermined deadline unless the Purchaser (or Purchaser's agent) delivers to the Seller (or Seller's agent) a written contract addendum listing the specific existing deficiencies and corrections needed, together with a copy of the inspection and/or risk assessment report.

The Seller may, at the Seller's option, within 10 days after Delivery of the addendum, elect in writing whether to correct the condition(s) prior to settlement. If the Seller will correct the condition, the Seller shall furnish the Purchaser with certification from a risk assessor or inspector demonstrating that the condition has been remedied before the date of the settlement. If the Seller does not elect to make the repairs, or if the Seller makes a counteroffer, the Purchaser shall have 10 days to respond to the counter-offer or remove this contingency and take the property in "as is" condition or this contract shall become void. The Purchaser may remove this contingency at any time without cause.

Seller Name: \_\_\_\_\_ Date: \_\_\_\_\_

Purchaser: \_\_\_\_\_ Date: \_\_\_\_\_

Property Address: \_\_\_\_\_

## ATTACHMENT E

### Disclosure to Seller with Voluntary, Arm's Length Purchase Offer

#### DECLARATION

This is to inform you that \_\_\_\_\_ would like to purchase the property, located at \_\_\_\_\_, if a satisfactory agreement can be reached. We are prepared to pay \$\_\_\_\_\_ for a clear title to the property under conditions described in the attached proposed contract of sale.

Because Federal funds may be used in the purchase, however, we are required to disclose to you the following information:

1. The sale is voluntary. If you do not wish to sell, the buyer, \_\_\_\_\_, thru the agency, \_\_\_\_\_ will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the agency/Sponsor \_\_\_\_\_ will not use the power of eminent domain to acquire the property.
2. The estimated fair market value of the property is \$\_\_\_\_\_ and was estimated by \_\_\_\_\_, to be finally determined by a professional appraiser prior to close of escrow.

Since the purchase would be a voluntary, arms length, transaction you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at:

\_\_\_\_\_. If you have any questions about this matter, please contact \_\_\_\_\_ at \_\_\_\_\_.

Sincerely,

\_\_\_\_\_  
Title

\_\_\_\_\_  
*Buyer*

\_\_\_\_\_  
Date

\_\_\_\_\_  
*Buyer*

\_\_\_\_\_  
Date

Form continues on next page with Seller's Acknowledgment

**Disclosure to Seller with Voluntary, Arm's Length Purchase Offer (Page 2)**

**Acknowledgement**

As the Seller I/we understand that the Agency will inspect the property for health and safety deficiencies. I/we also understand that public funds may be involved in this transaction and, as such, if the property was built before 1978, a lead-based paint disclosure must be signed by both the buyer and seller, and that a Visual Assessment will be conducted to determine the presence of deteriorated paint.

As the Seller, I/we understand that in order for the buyer to receive assistance from the Program, the property must be currently owner-occupied, vacant at the time of submission of purchase offer, new (never occupied), or renter purchasing the unit. I/we hereby certify that the property is:

☐ Vacant; ☐ Owner-occupied; ☐ New; or ☐ Being Purchased by Occupant

***I/we hereby certify that I have read and understand this "Declaration" and ☐ a copy of said Notice was given to me prior to the offer to purchase. If received after presentation of the purchase offer, I/We choose ☐ to withdraw or ☐ not to withdraw, from the Purchase Agreement.***

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date

## **ATTACHMENT F**

### **INSTRUCTIONS TO HOME BUYER**

- A. Participant works with lender of choice to obtain the primary lender's pre-qualification letter.
- B. Participant works with real estate agent to select home. Program disclosures are reviewed with agent for presentation to seller. Preference will be given to vacant or owner occupied homes rather than tenant occupied.
- C. Participant selects home and enters into a purchase contract (contingent upon receiving Program loan approval). Lender provides the Agency with a copy of:
  - real estate sales contract
  - residential loan application
  - credit report
  - verified income documentation
  - disclosure statement
  - proof of personal funds for participation in program
  - breakdown of closing costs
  - structural pest control clearance
  - appraisal with photos
  - escrow instructions
  - preliminary title report
- D. Agency reviews paper work to determine program eligibility and financing affordability for participant etc. Agency staff meets with qualified applicant to provide information relative to the program requirements, the lending process, and home ownership responsibilities.
- E. Agency has home inspected (if necessary) to meet HQS or code compliance (dependent upon the program). Notice of any deficiencies or needed corrections are given to participant's real estate agent, with recommended course of action.
- F. Agency staff requests loan approval. Following loan approval, the Agency prepares Deed of Trust, Promissory Note, Notice of Default, Grant Agreement, Owner Occupant Agreement with the Hollister Redevelopment Agency, requests checks and deposits same into escrow.
- G. Escrow company furnishes Agency with proof of documents to be recorded, and any escrow close out information. After receipt of recorded loan documents, HUD I, Insurance Loss Payee Certification and Final Title Insurance Policy (Program Operator) closes out the loan file.

Applicant: \_\_\_\_\_

Lender/Broker: \_\_\_\_\_

## **HOLLISTER SECOND DOWNPAYMENT ASSISTANCE PROGRAM**

### **CHECK LIST**

- \_\_\_\_\_ Applicant met with Agency Staff
- \_\_\_\_\_ Cover Letter
- \_\_\_\_\_ Copy of Purchase Contract
- \_\_\_\_\_ Complete Application
- \_\_\_\_\_ Loan Approval Letter, Good Faith estimate
- \_\_\_\_\_ W-2 Forms from Previous Tax Year
- \_\_\_\_\_ Tax Returns from Previous Two (2) Years
- \_\_\_\_\_ Verification of Funds 3.0% contribution (Deposit)
- \_\_\_\_\_ Fair Lending Notice and Disclosures (Signed)

**For more information, please call the City of Hollister Redevelopment  
Projects Coordinator, Francisco Casas at 831 636-4316**



**STAFF USE ONLY BELOW THIS LINE**

Total persons who will live at address	_____	In Target Area?	<input type="checkbox"/> No <input type="checkbox"/> Yes
Total seniors in household	_____	Conflict of Interest?	<input type="checkbox"/> No <input type="checkbox"/> Yes
Annual Family Income	_____	Handicapped:	<input type="checkbox"/> No <input type="checkbox"/> Yes
Previous Year's Income	\$ _____	FHOH?	<input type="checkbox"/> No <input type="checkbox"/> Yes
Projected Income	\$ _____	Farm worker?	<input type="checkbox"/> No <input type="checkbox"/> Yes
<p>HCD Definition (Circle)</p> <p>LI    VLI    XLI</p>			



City of Hollister Redevelopment Agency  
Application for the Hollister Second Downpayment Assistance  
Program

LOAN PROCESSOR \_\_\_\_\_ DATE RECEIVED \_\_\_\_\_ File # \_\_\_\_\_

NOTE: READ "CERTIFICATION" ON LAST PAGE BEFORE FILLING OUT APPLICATION

Applicant's Name \_\_\_\_\_ Social Security# \_\_\_\_\_  
Co-Applicant's Name \_\_\_\_\_ Social Security# \_\_\_\_\_  
Street Address \_\_\_\_\_  
City \_\_\_\_\_ Zip \_\_\_\_\_  
Mailing Address \_\_\_\_\_  
County \_\_\_\_\_  
Phone \_\_\_\_\_ Work or other contact: (\_\_\_\_) \_\_\_\_\_  
E-Mail Address \_\_\_\_\_

For statistical/government monitoring purposes only: Enter code from list below (voluntary)

Applicant's race\* \_\_\_\_\_ Co-applicant's race\* \_\_\_\_\_

**\*Race of Household Codes:**

11-White 12-Black/African American 13-Asian 14-American Indian/Alaskan 15-Native Hawaiian/other Pacific Islander 16-American Indian/Alaskan Native & White 17-Asian & White 18-Black/African American & White 19-American Indian/Alaskan Native & Black/African American 20-Other Multi-Racial

Hispanic: Yes \_\_\_\_\_ No \_\_\_\_\_

Please list your address(es) for the last three years, starting with the most recent:

MO./YR. -- MO./YR. ADDRESS \_\_\_\_\_

1) \_\_\_\_\_

2) \_\_\_\_\_

3) \_\_\_\_\_

Has any of the applicants held ownership or interest in a property in the last three years?

Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, please explain:

\_\_\_\_\_  
\_\_\_\_\_

**INCOME:** Check applicable sources of income currently and during the prior calendar year for any residents:

Wages \_\_\_\_\_

AFDC(TANF) \_\_\_\_\_

Interest \_\_\_\_\_

Other \_\_\_\_\_

SSA \_\_\_\_\_

Disability \_\_\_\_\_

Rentals \_\_\_\_\_

explain

SSI \_\_\_\_\_

Unemployment \_\_\_\_\_

Pension \_\_\_\_\_

## FAMILY AND INCOME DETAILS

LIST ALL PERSONS WHO WILL BE LIVING IN THE PROPERTY BEING PURCHASED INCLUDING APPLICANT AND CO-APPLICANT(S). INCOME MUST BE IDENTIFIED IN TERMS OF "GROSS ANNUAL".

NAME	RELATIONSHIP	AGE/SEX	ANNUAL INCOME	OFFICE USE	
				ACTUAL INCOME	LS
	Applicant	/			
		/			
		/			
		/			
		/			
		/			
		/			

### INCOME INFORMATION

Gross family income would include income from any of the following sources or any other source of income: Wages, Self-Employment, Farming Income, Public Assistance, Social Security, Retirement/Pensions, Veteran's or GI Benefits, Child/Spousal Support, Unemployment/Disability Insurance, Worker's Compensation, Contributions, Cash Gifts, Rental Income, Sale of Property, Foster Child Care, Interest, Dividends, Royalties, Scholarships, Grants and Loans for School.

PERSON RECEIVING INCOME	SOURCE OF INCOME	GROSS MONTHLY AMOUNT

### CHECKING AND SAVINGS

Account Holder(s)	Name of Bank or Credit Union	Account No.	Type	Balance
			Ckg____ Svg____	
Account Holder(s)	Name of Bank or Credit Union	Account No.	Type	Balance
			Ckg____ Svg____	
Account Holder(s)	Name of Bank or Credit Union	Account No.	Type	Balance
			Ckg____ Svg____	

### LIST OTHER ASSETS

Retirement funds/stocks/bonds, etc. (from attached checklist)

Family Member	Asset Description	Cash Value	Income From Assets

EMPLOYMENT				
APPLICANT		CO-APPLICANT		
Name and Address of Employer <input type="checkbox"/> Self-Employed		Name and Address of Employer <input type="checkbox"/> Self-Employed		
Position/Title/Type of Business      Business phone		Position/Title/Type of Business      Business phone		
Years on Job/Years employed in this line of work		Years on Job/Years employed in this line of work		
LIABILITIES				
List the creditor's name and account number for all outstanding debts, including but not limited to automobile loans, revolving charge accounts, alimony, child support, stock pledges, etc.				
Creditor Name	Account No.	Monthly payments	Payments Left	Approximate Balance
<b>Total Liabilities</b>		\$		\$
EXPLANATION OF INCOME SOURCE, ANNUAL AMOUNT OR OTHER COMMENTS				
ADDITIONAL INFORMATION				
List additional employment, assets or liabilities in the space provided below.				

**CERTIFICATION--READ BEFORE SIGNING**  
 I certify that this will be my primary residence of occupancy.

I certify that the information given on this form is true and accurate to the best of my knowledge. I certify that I have no additional income or assets and that there are no persons living in or contributing to my household other than those described here. I am aware that there are penalties for willfully and knowingly giving false information on an application for Federal or State funds. I understand that the information on this form is subject to verification. Penalties for falsifying information may include immediate repayment of all Federal or State funds received and/or prosecution under law.

Dated: \_\_\_\_/\_\_\_\_/\_\_\_\_ APPLICANT \_\_\_\_\_ CO-APPLICANT \_\_\_\_\_

**City of Hollister Redevelopment Agency**

**Hollister Second Downpayment Assistance Program Application: Income Inclusions**

Type of Income	YES or NO	Type	Received from whom?	Amount Received Annually
1 The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees tips, and bonuses, and other compensation for personal services.				
2 The net income from the operation of a business of profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Services Regulations. Any withdrawal of cash or assets from the operation or business will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.				
3 Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family.				
4 The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount.				
5 Payments in lieu of earnings, such as unemployment and disability compensation, and severance pay.				
6 Welfare assistance, Welfare assistance made under the Temporary Assistance for Needy Families (TANF 45 CFR 260.31)) program.				
7 Periodic and determinable allowances such as alimony and child support payments, and regular contributions or gift received organizations or from persons not residing in the dwelling.				
8 All regular pay, special pay, and allowances of a member of the Armed Forces.				
<b>Subtotal Total:</b>				

	Assets:	Source	Total Value of Asset	Interest Earned Annually
1a	Cash held in savings accounts (current balance)			
1b	Cash held in checking accounts (avg. balance for last 6 mos.)			
1c	Cash held in safe deposit boxes			
1d	Other cash			
2	Cash value of revocable trusts available to the applicant.			
3	Equity in rental property or other capital investments.			
4	Cash value of stocks or bonds.			
5a	Cash value of Treasury bills, certificates of deposit and money market accounts.			
5b	Individual retirement, 401(K), and Keogh accounts (even though early withdrawal could result in a penalty).			
6	Retirement and pension funds.			
7	Cash value of life insurance policies available before death.			
8	Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.			
9	Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.			
10	Mortgages or deeds of trust held by applicant.			
<b>Total Assets:</b>				
<b>Total Income (Subtotal + Assets):</b>				

### APPLICANT'S CERTIFICATION

I certify that all information on the Hollister Second Downpayment Assistance Program Application: Income Inclusions is true and correct to the best of my knowledge and I understand that any deliberate falsifications are grounds for rejection of the application. I consent to all verification of any information herein contained.

Applicant's Signature

Date

Co-Applicant's Signature

Date

Print Name

Print Name

City of Hollister Redevelopment Agency  
Application for the Hollister Second Downpayment Assistance

**Release of Information**

To Whom It May Concern;

I / we the undersigned applicants are requesting a downpayment assistance loan from the Hollister Redevelopment Agency. You are hereby authorized to release to the Hollister Redevelopment Agency, or its agents, any information necessary for the purpose of processing my / our application. Such information includes but is not limited to:

Loan application:	Entire loan package including application forms, credit reports, disclosures and related information.
Income:	history, dates, title, income, hours, etc. from Employment and Non-Employment sources
Mortgage Loans:	loan balances, dates of loans, proposed financing, underwriting analysis, payment amount and payment history, etc.
Other:	any related matters such as, property appraisal, and title reports

Borrower(s) Privacy Act Notice: any information is to be used by the Hollister Redevelopment Agency, to determine whether you qualify for the downpayment assistance Loan. It will not be disclosed to any one except as required and permitted by law. You do not have to provide us with the information, but if you do not, your application for approval may be delayed or denied.

**IMPORTANT**

A scanned, carbon, emailed file / attachment, or facsimile copy of this authorization (bearing a valid copy of the signature/s of the undersigned) may be deemed to be the equivalent of and used as a duplicate original.

_____ Applicant	____/____/____ Date	____-____-____ Social Security Number
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_____ Applicant	____/____/____ Date	____-____-____ Social Security Number
--------------------	------------------------	--

Return this form to  
City of Hollister Redevelopment Agency  
375 Fifth Street, Hollister, CA. 95023

City of Hollister Redevelopment Agency

Application for the Hollister Second Downpayment Assistance Program

**CREDIT REPORT AUTHORIZATION AND PRIVACY DISCLOSURE FORM**

I hereby authorize and instruct the Redevelopment Agency (hereinafter "Agency") to obtain and review my credit report. My credit report will be obtained from a credit report agency chosen by the Agency. I understand and agree that the Agency intends to use the credit report for the purpose of evaluating my financial readiness to purchase a home.

My signature below also authorizes the release to credit reporting agencies of financial or other information that I have supplied to the Agency in connection with such evaluation. Authorization is further granted to the credit-reporting agency to use a copy of this form to obtain any information the credit reporting agency deems necessary to complete my credit report.

In addition, in connection with determining my ability to obtain a loan I

\_\_\_\_\_ Authorize,

\_\_\_\_\_ do not authorize,

the Agency to share with potential mortgage lenders my credit report and any information that I have provided, including any computations and assessments that have been produced based upon such information. These lenders may contact me to discuss loans for which I may be eligible.

I understand that I may revoke my consent to these disclosures by notifying the Agency in writing.

\_\_\_\_\_  
Applicant's Name

\_\_\_\_\_  
Co-Applicant's Name

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Co-Applicant's Signature

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Return this form to  
City of Hollister Redevelopment Agency  
550 Monterey Street, Hollister, CA. 95023



City of Hollister Redevelopment Agency  
Application for the Hollister Second Downpayment Assistance

**FAIR LENDING NOTICE**

TO: ALL APPLICANTS FOR A LOAN FOR THE PURCHASE, CONSTRUCTION, REHABILITATION, IMPROVEMENT, OR REFINANCING OF A ONE-TO-FOUR FAMILY RESIDENCE.

UNDER THE HOUSING FINANCIAL DISCRIMINATION ACT OF 1977, IT IS UNLAWFUL FOR A FINANCIAL INSTITUTION TO REFUSE TO MAKE A LOAN OR TO OFFER LESS FAVORABLE TERMS THAN NORMAL (SUCH AS A HIGHER INTEREST RATE, LARGER DOWN PAYMENT, OR SHORTER MATURITY) BASED ON ANY OF THE FOLLOWING CONSIDERATIONS:

1. NEIGHBORHOOD CHARACTERISTICS (SUCH AS THE AVERAGE AGE OF THE HOMES OR THE INCOME LEVEL IN THE NEIGHBORHOOD) EXCEPT TO A LIMITED EXTENT NECESSARY TO AVOID AN UNSAFE AND UNSOUND BUSINESS PRACTICE.
2. RACE, SEX, COLOR, RELIGION, MARITAL STATUS, NATIONAL ORIGIN, OR ANCESTRY.

IT IS ALSO UNLAWFUL TO CONSIDER, IN APPRAISING A RESIDENCE THAT THE RACIAL, ETHNIC, OR RELIGIOUS COMPOSITION OF THE NEIGHBORHOOD IS UNDERGOING CHANGE OR IS EXPECTED TO UNDERGO CHANGE.

IF YOU WISH TO FILE A COMPLAINT, OR IF YOU HAVE ANY QUESTIONS ABOUT YOUR RIGHTS, CONTACT:

OFFICE OF THE COMPTROLLER OF THE CURRENCY (O.C.C.)  
ATTENTION: CONSUMER COMPLAINT DEPARTMENT  
50 FREMONT STREET, SUITE 3900  
SAN FRANCISCO, CA 94105 (415) 545-5975

IF YOU FILE A COMPLAINT, THE LAW REQUIRES THAT YOU RECEIVE A DECISION WITHIN THIRTY (30) DAYS. I (WE) RECEIVED A COPY OF THIS NOTICE.

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Applicant

\_\_\_\_\_  
Date